## Message Text

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INFO OCT-01 EUR-12 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 FEA-01 /101 W

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P 231957Z NOV 77 FM USMISSION GENEVA TO SECSTATE WASHDC PRIORITY 3410 INFO AMEMBASSY BRUSSELS

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USMTN

USEC

ACTION STR FOR GREENWALD, LANDE, MATTHEISEN

E.O.11652: N/A

TAGS: ETRD, GATT, MTN

SUBJECT: FRAMEWORK GROUP--REDRAFT OF EC ENABLING CLAUSE

REF: A) GENEVA 10388, B) STATE 277901

- 1. SEPTEL REPORTED OUR MEETING WITH LUYTEN TO PRESENT U.S. CONCERNS ON ENABLING CLAUSE. FOLLOWING IS REVISED TEXT (REFLECTING CONCERNS ENUMERATED REF B) OF OUR REDRAFT OF EC ENABLING CLAUSE, USED AS REFERENCE FOR LUYTEN MEETING. (NOTE SLIGHT MODIFICATIONS IN PARAS 1, 3, 4 AND 6 FROM PREVIOUS MTN DEL REDRAFT.)
- 2. BEGIN TEXT: QUOTE

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1. THE PRESENT AGREEMENT SHALL NOT PREVENT, SUBJECT TO THE FOLLOWING PROVISIONS, THE EXTENSION TO DEVELOPING COUNTRIES OF GENERALIZED MEASURES OR PROCEDURES DESIGNED TO PROVIDE DIFFERENTIAL AND MORE FAVORABLE TREATMENT TO THOSE COUNTRIES WITH RESPECT TO THE PROVISIONS OF THE GENERAL AGREEMENT CONCERNING TARIFFS (FOOTNOTE: THIS PARAGRAPH SHALL NOT PERMIT BINDING IN THE GATT OF

PREFERENTIAL TARIFF RATES AND MARGINS.) AND NON-TARIFF MEASURES INCLUDED IN MULTILATERAL AGREEMENTS NEGOTIATED UNDER THE AUSPICES OF THE GATT; PROVIDED THAT IN EACH CASE SUCH TREATMENT IS IN ORDER TO RESPOND TO THE PARTICULAR CIRCUMSTANCES AND THE DEVELOPMENT NEEDS OF DEVELOPING COUNTRIES AND TO THE EXTENT THAT INDIVIDUAL DEVELOPMENT NEEDS CONTINUE TO JUSTIFY SUCH TREATMENT.

2. THE CONTRACTING PARTIES RECOGNIZE THAT SUCH TREATMENT

A) SHALL NOT PREVENT REDUCTION OF CUSTOMS DUTIES AND ELIMINATION OF OTHER RESTRICTIONS TO TRADE ON THE BASIS OF THE MOST-FAVORED-NATION CLAUSE;

B) SHALL BE DESIGNED TO FACILITATE THE TRADE OF BENEFICIARY COUNTRIES AND NOT TO SET UP OBSTACLES TO THE TRADE OF OTHER CONTRACTING PARTIES.

3. WITHOUT PREJUDICE TO OTHER RELEVANT PROVISIONS OF THE GENERAL AGREEMENT, ANY CONTRACTING PARTY WISHING TO TAKE ACTION PURSUANT TO PARAGRAPH 1 ABOVE, OR WISHING TO MODIFY SUCH ACTION SHALL PROMPTLY INFORM THE CONTRACTING PARTIES AND PROVIDE THEM WITH ALL INFORMATION REQUIRED SO AS TO PERMIT THEM, IF NECESSARY, TO MAKE ANY RECOMMENDATIONS THAT THEY MAY JUDGE APPROPRIATE WITH RESPECT LIMITED OFFICIAL USE

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TO THE PROVISIONS OF THE GENERAL AGREEMENT.

- 4. THE OPERATION OF MEASURES TAKEN PURSUANT TO THESE PROVISIONS SHALL BE PERIODICALLY REVIEWED BY THE CONTRACTING PARTIES IN THE CONTEXT OF DEVELOPING COUNTRIES' OVERALL TRADE AND DEVELOPMENT POLICIES. CURRENT INFORMATION RELEVANT TO SUCH REVIEW SHALL BE FURNISHED BY THE PARTIES WHICH HAVE TAKEN THE MEASURES, AND BY OTHER INTERESTED PARTIES. THE CONTRACTING PARTIES MAY ACT PURSUANT TO PARAGRAPH 3 IN THE LIGHT OF SUCH REVIEW.
- 5. IF ANY CONTRACTING PARTY CONSIDERS THAT A MEASURE TAKEN PURSUANT TO THESE PROVISIONS IS INCONSISTENT WITH THEM, OR IF AS A RESULT OF THE APPLICATION OF SUCH DIFFERENTIAL TREATMENT, IT CONSIDERS THAT A BENEFIT ACCRUING TO IT UNDER THE GENERAL AGREEMENT MAY BE OR HAS BEEN IMPAIRED, IT SHALL HAVE THE OPPORTUNITY OF CONSULTATION WITH THE COUNTRY OR COUNTRIES APPLYING SUCH MEASURES; AND, IF IT CONSIDERS THAT THESE CONSULTATIONS HAVE NOT BEEN SATISFACTORY, IT MAY, IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE XXIII OF THE GENERAL AGREEMENT, BRING THE MATTER BEFORE THE CONTRACTING PARTIES WHICH

WILL EXAMINE IT WITHOUT DELAY AND WILL FORMULATE ANY RECOMMENDATIONS THAT THEY JUDGE APPROPRIATE.

 $6.\,$  CONSISTENT WITH THE PROVISO OF PARAGRAPH 1, THE CONTRACTING PARTIES SHALL REVIEW FROM TIME TO TIME (A) WHETHER--IN THE LIGHT OF ECONOMIC CONDITIONS , INCLUDING

, AND , IN BENEFICIARY DEVELOPING
COUNTRIES--MEASURES TAKEN UNDER THE FOREGOING PROVISIONS
SHOULD CONTINUE TO BE APPLICABLE TO ALL COUNTRIES (OR TO
ALL SECTORS OF PRODUCTION WITHIN THOSE COUNTRIES)
GENERALLY REGARDED AS DEVELOPING COUNTRIES AS OF THE DATE
THOSE PROVISIONS ARE ADOPTED, AND (B) WHETHER THE
INDIVIDUAL TRADE, DEVELOPMENT AND FINANCIAL NEEDS OF

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PARTICULAR COUNTRIES MAY BE SUCH AT THE TIME OF REVIEW AS TO JUSTIFY TERMINATION OF SOME OR ALL OF SUCH MEASURES AND THE GREATER FULL ASSUMPTION BY THE CONTRACTING PARTY CONCERNED OF THE RIGHTS AND OBLIGATIONS OF DEVELOPED CONTRACTING PARTIES. END QUOTE.

3. DRAFTED BY HARTZELL. MCDONALD

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	Margaret P. Grafeld	Declassified/Released	US Department of State	EO Systematic Review	22 May 2009
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